

**Hungry Horse County Water and Sewer District  
Board of Directors Special Meeting  
6:00 PM - Thursday, September 17, 2020  
Water District Office, 528 Colorado Blvd., Hungry Horse Montana**

**A. (0:19) Call to order:** 6:01 pm

Those present: President Doug Wagner, Vice President Vivian Allen, CFO Jamie Foster, and Director Brent Schmidt. Director Richard Hardesty arrived at 6:14pm.

Staff: General Manager/Operator Ben Shafer and Bookkeeper Judy Rosenbaum. Secretary Rita Venable participating by telephonic audio.

Members of the Public: Jimmy Dowling, Craig Shafer

**B. Approval of Minutes from July 16<sup>th</sup>, 2020 and August 20<sup>th</sup> meetings with any corrections or additions.**

**(4:51)** VP Allen signed July 16<sup>th</sup>, 2020 Minutes. The Board will determine, at a later date, who is to upload minutes to the District's website. There was discussion about what the proper format should be and what the detail level of the Minute's content should be. The recorded audio of meetings are currently backed up on the District's hard drive and on the Google Drive. Director Allen suggested to have detailed, written meeting minutes.

**C. Public Comment: (2:56)**

- a. Update of tax rolls research question: Jimmy Dowling reported he contacted the County, but had not received a response from the County yet.

**D. Motion to amend regular order of business:** None

**E. Reports: (14:07) *Reports from monthly meetings are available from the District' office upon request.***

**1. Bookkeeper's Report – Judy Rosenbaum read from the financial reports and answered questions.**

a. Financial Statements. The Bookkeeper had been in communication with USDA Rural Development and was told the RD Reserve accounts are not required to be funded for the life of the loan so she has removed the separate line item for that Depreciation and Replacement account.

- o Balance Sheet as of 8/31/2020. She explained that the previous bookkeeper, Rita Graham, may have posted a double entry to the *MAINT/DEPRECI Account* which created the account's balance of \$5,429.93. The Bookkeeper will pull old bank statements to verify and then should be able to correct the error. She is also looking into the other anomalies such as In One Year.
- o The Bookkeeper explained the *EQUITY CONTRIBUTED CAPITAL Accounts* represent the value of what has been done to the System, but she will look this up again to get the right explanation.
- o Profit and Loss Actual vs Budget July 2020 through July 2021. The Bookkeeper will correct the missing Payroll Expense Budget line.
- o The *Adjustments* as of 8/31/2020 is the amount that went to taxes except for Account 311 and Account 97 which were misapplied payments. The Bookkeeper hasn't received a check from the county for accounts gone to taxes in over a year.

**(43:51)** Due to COVID-19 the government is offering a deferral of the employee's portion of the social security tax. Staff agreed with the Bookkeeper to decline the deferral.

**(46:33)** Director Allen moved to adopt the Bookkeeper's suggestion to keep the employees' social security contributions at the regular monthly rate rather than deferring them under the COVID plan until the end of the year. Director Hardesty seconded. All in favor. All ayes. Unanimous. Motion carried.

**RESOLVED** to adopt the Bookkeeper's suggestion to keep the employees' social security contributions at the regular monthly rate rather than deferring them under the COVID plan until the end of the year.

b. Bills: **(47:53)** Director Schmidt moved the District to pay bills. All in favor. All ayes. Unanimous. Motion carried.

**RESOLVED** the District to pay the bills.

**c. Correspondence:**

Jeff Cicon, Morrison-Maierle – emailed notification to the District that they declined doing a Future Needs Assessment for us (for the Sand Creek Water Court issue).

MT State Fund – Notification of Insured Name change from *HUNGRY HORSE COUNTY WATER/SEWER DISTRICT* to *WATER/SEWER HUNGRY HORSE COUNTY WATER/SEWER DIST.*

IRS – Notification 03/2020 payment was received late

MT State Fund – Payroll and Premium Recap (FY2020) \$1193.79 additional premium due because the Fund re-classified the Operator's Class Code.

Mettel - USDA Forest Service – The US Forest Service uses Mettel to process their payments. Mettel had stopped payment on all 7 checks they had sent to the District. The Bookkeeper emailed an accounting detail to them last week. There are 7 accounts in which 1 account has a \$700.00 credit, 1 account is current and 5 accounts are past due. The Bookkeeper does not know why late fees are not assessed to the USFS by the District. She will look into the issue further and report back.

**(58:24)** Director Allen moved to refer the matter of Federal late fees to our Rules and Policies Committee, in advance of its formation. All in favor. All ayes. Unanimous. Motion carried. (Note: This was in regard to if the District should charge late fees to federal agencies the same as other late customers.)

**RESOLVED** to refer the matter of Federal late fees to our Rules and Policies Committee, in advance of its formation.

**d. Anna Miller/DNRC Refi update. (59:23)** Anna Miller told the Bookkeeper that Anna has many projects to do, but will get to the refi.

**e. Online Banking update. (1:00:20)** The Bank's application form was signed by 3 Board Members. The Bookkeeper and CFO Foster will go into the Bank together to sign paperwork authorizing the Bookkeeper to receive bank account information from the bank.

**f. Bookkeeper's home office coverage under Cincinnati policy update – Payne West come in this or next meeting to answer coverage questions. (1:12:57)** The Board discussed the insurance company coming in this month to talk about coverage for the Bookkeeper's and Secretary's home office coverage. The Bookkeeper will contact Lauren Marsh, the local broker, to see if Lauren will come to the next meeting to explain coverages and answer questions

**g. Bank reconciliation discrepancies update. (1:27:36)** Pending. The Bank had not allowed the Bookkeeper to get information from the bank yet.

**h. Website Update. (1:17:26)** The website is up. The content will need to be customized. The website will probably go live in about a month. If HHCWSD decides to purchase the domain through something like "Go Daddy", for a nominal expense, it would make the site easier for search engines to kick out the name and be more searchable. There will be an additional annual fee if the District decides to add an email. The Bookkeeper will bring information for the additional options and fees to the next meeting.

**(1:22:36)** Director Schmidt moved to add all five names of the current Directors, President Wagner, Vice President Allen, Chief Financial Officer Foster, Director Brent Schmidt and Director Hardesty to the safety deposit box at Glacier Bank and remove all former Directors' names from the safety deposit box and have all five names of the current Directors' names, President Wagner, Vice President Allen, Chief Financial Officer Foster, Director Brent Schmidt and Director Hardesty added to the checking account at Glacier Bank and to the savings account at the Whitefish Credit Union. Delete all previous Directors' names from the accounts. President Wagner seconded. All in favor. All Ayes. Unanimous. Motion carried.

**RESOLVED** to add all five names of the current Directors, President Wagner, Vice President Allen, Chief Financial Officer Foster, Director Brent Schmidt and Director Hardesty to the safety deposit box at Glacier Bank and remove all former Directors' names from the safety deposit box and have all five names of the current Directors' names, President Wagner, Vice President Allen, Chief Financial Officer Foster, Director Schmidt and Director Hardesty added to the checking account at Glacier Bank and to the savings account at the Whitefish Credit Union. Delete all previous Directors' names from the accounts.

2. Secretary's Correspondence Report for non-account/non-financial correspondence. (1:28:39)

- a. The letter to the Montana State Fund regarding the Operator's code reclassification had been drafted. The Directors requested the draft to be emailed to the HHCWSD Board of Directors and staff for approval and signatures.
  - b. The letters to Ms. Wheeler and to Mr. Rowntree had not been drafted. The Bookkeeper will provide a link for the Secretary to share the folder that has the Minutes containing the information needed to prepare these 2 letters.
3. **Manager's Report: (1:36:18)** GMO Ben Shafer read from his written report and answered questions.

a. Monthly Report

b. Telemetry Update. (1:36:20) The Cloud service and cell comms combined cost would be \$1,000.00 to \$1,500.00 per year. Operator Shafer had not, but would compare this cost to what the District is currently paying for phone lines. **(1:42:22)** Director Schmidt inquired if the system could still be operated manually when internet service could be unreliable. GMO explained the manual, hand option could be selected if there would be an error with a pump or something wrong with the controller. He also explained that when communicating by cellular, if the power goes down in town, the District's Telemetry system would stay up, which would be an advantage. **(1:46:34)** The Board discussed the efficiency of the new system, the possibility of the increased run times causing additional wear and tear on motors, and what would happen with increased demand if pumps have to run all day long. **(1:50:00)** The acronym SCADA as used in his report, means the same thing as telemetry. **(1:50:43)** Jimmy Dowling stated full flow fire system is 2500 gallons a minute for two hours duration and if there were developments increasing demand, how that would work out with the telemetry. GMO did not think it would have an impact on the telemetry. **(1:53:22)** A summary of the estimates from Taylor Insulation and Lilienthal Insulation for the blowing of insulation into three pump houses was reviewed. The insulation companies' estimated costs and the option for the Operator installing the insulation was discussed. GMO recommended Taylor Insulation to do the work. GMO would come back to the Board with a better estimate of long term cost savings after insulating.

**(2:04:18)** GMO read aloud his Activities Part 2 report. GMO estimated he would need a generator a handful of times in year while working on his District duties. He would like to use the generator he purchased and would lease to the District to clean dirty valves, which would take about a day and he would not charge the District for the occasional cleaning of a meter pit. He had continued working with Erin Wall of MRW to update the District's Source Water Protection Plan and the District's Emergency Response Plan, which he thought appeared to have not been updated since 2003, but did not think much had changed with the system or the town so updating is relatively straight forward. He would send the finished updated plans to the Board for review. **(2:15:11)** Discussion continued on insulating the pump houses. The GMO would estimate his labor costs to do the insulation install compared with the professionals' quotes and make his recommendation to the Board. **(2:15:11)** Jimmy Dowling offered that 3 years ago Lowes provided, at no extra cost, the machine to blow insulation and Home Depot may be cheaper. **(2:18:18)** The Board gave approval to the GMO to make the decision to get the insulation project completed.

c. Disconnect/New Service/Service Change Report. (2:19:26) GMO gave summary of Rules and Regulations he had prepared. Disconnect for non-payment rules were discussed. **(2:22:40)** VP Allen read proposed rules. For hardships, HHCWSD has variances and also for late pay from out of town owners who are late through no fault of their own.

**(2:29:52)** Jimmy Dowling left the meeting at 8:31 p.m.

**(2:30:16)** Service Change for existing service, Article 6, Section 5. Rules, *Conditions of Service* and Application processing fees were discussed. **(2:39:05)** New Service. GMO's recommendation was the current charge of \$1,250.00 for the supply fee is almost the cost to the District so this fee should be increased. The Board discussed adding the wording '*property owner is responsible for the cost of re-pavement if HHCWSD has to cut up the pavement*' to the Application form.

**F. Unfinished Business: (2:44:41)**

1. Date and time to continue Secretary contract/research details. Meeting was scheduled for October 2, 2020, at 1:00 p.m. at HHCWSD's office.
2. GMO negotiations/resolution discussion. (2:49:47) VP Allen moved to remove the motion regarding GMO salary from last meeting off the table for further discussion and action. President Wagner seconded. All in favor. All ayes. Unanimous. Motion carried.

**RESOLVED** to remove the motion regarding GMO salary from last meeting off the table for further discussion and action.

**(2:51:19)** VP Allen read her motion from the September 3, 2020 meeting as a reminder; *'moved The HHCWSD Board of Directors offer our current system Operator/Manager the opportunity to continue working as General Manager/Operator of the HHCWSD at a fair market, small rural water system salary of \$32,000.00 per annum, for an approximate half-time job, no mileage, no call pay, no phone reimbursement, but with option to keep his personal truck domiciled at the Irene Shafer Hall during such time as it is actively employed in the day to day business of the District.'*

**(2:51:58)** Director Schmidt offered his salary determination for the GMO position based on a 100 worked hours per month:

\$26,000.00 for General Manager, 40 hours worked per month  
\$16,200.00 for Certified Operator, 60 hours worked per month  
 \$42,200.00 total Annual GMO salary; a fair starting point for discussion

**(3:05:31)** Mr. Craig Shafer, a member of the public, spoke in favor of his son, GMO Ben Shafer. He spoke of his family's long time residence in Hungry Horse and stated he had come to the meeting to correct the idea that something nefarious took place when his son was offered \$60,000.00 for the GMO position.

**(3:16:45)** The Board discussed the various salary amounts of \$32,000.00 to \$45,000.00 annual. The Board's goal would be to keep the system going forward and keep Ben working as the GMO. There would not be a way to keep the \$60,000.00 GMO salary without another rate increase.

**(3:18:03)** Mr. Craig Shafer left the meeting 9:19 p.m.

**(3:18:12)** CFO Foster had calculated the GMO annual salary at \$41,600.00 based on 100 work hours per month. The Board discussed the amount of time and responsibility required of the position. The Board's decision would require a number that would satisfy the budget and the GMO.

**(3:35:20)** Mr. Craig Shafer (Note: Craig Shafer re-entered the meeting at - time?) added that he felt it was important having a Hungry Horse resident as a GMO in the case of a fire emergency.

**(3:37:13)** VP Allen gave her synopsis of the facts she used to come up with the \$32,000.00 salary. Her calculations included:

- Coram General Manager/Operator Salary Fact Sheet (FY 2020) – Total comparable salary including call pay, phone and mileage reimbursement = \$30,828.00/year.
- Martin City General Manager/Operator Salary Fact Sheet. Comparison to Hungry Horse numbers - Total comparable salary including call pay, phone and mileage reimbursement = \$29,250.00/year. Substituting the higher \$5.192.36 mileage figure used with Coram comparison, = \$30,992/year.
- Columbia Heights General Manager/Operator Salary Fact Sheet - Total comparable salary including subtraction of unique IC expenses = \$32,000.00/year.

The District had incurred a 65% increase in salaries paid in the past 5 years. The only record of GMO hours worked the Board had was from 2 past operators, over a span of 11 years, who averaged 75 GMO hours worked per month. The Board did not have concrete numbers of hours worked by the current GMO. The maximum allowable base rate increases were reviewed. Between March 2007 when rates were brought in line with the federally required target rate in order to obtain loans, and October 2019 (the 62.5% rate jump) the District experienced 3 other rate hikes, indicating that the previous boards had been doing due diligence to keep up with district expenses. **(3:58:14)** VP Allen referred to the November 27, 2017 Special Meeting minutes in which the hiring of Ben Shafer, the only individual under consideration, as the new GMO was discussed. The minutes also show that Mike Rowe, former GMO, died on the 16<sup>th</sup> of November 2017. Ten days later, Mr. Shafer, Board President, had applied for his 3A and 3B Water Operator testing. Eighteen days after that, without any advertisement for new operators, the district had a brand new operator at \$60,000 per year. Former GMO Bill Kavanagh had made approximately \$32,000/year and Mike Rowe less than that. **(4:02:59)** GMO felt the facts were misrepresented and felt the minutes at the time of his hire are not accurate. He felt the salary comparison presented was not an accurate, fair comparison. His work hours were discussed, and GMO thought his field work is 100 hours a month. He believed his capabilities are worth more than the Board can afford to pay. **(4:06:10)** Director Hardesty stated it boiled down to what the District can afford to pay an operator, and that \$45,000 is 18% of the District's gross annual income. The Board considered the number of EDUs serviced, the future increases in population, and what the Board can afford to pay an operator.

**(4:14:30)** President Wagner moved to end the debate. All in favor. Ayes. Unanimous. Motion carried.

**RESOLVED** to end the debate.

**(4:15:13)** President Wagner moved to vote all those in favor of the original motion of \$32,000.00 per annum.

VP Allen – Aye

President Wagner – Nay

CFO Foster – Nay

Director Schmidt – Nay

Director Hardesty – Nay

Motion failed 4 to 1

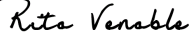
**(4:17:47)** President Wagner moved to adjourn. All in favor. All ayes. Unanimous. Motion carried.

RESOLVED to adjourn.

Approved by:

President: DocuSigned by:  
  
D7DC7FF1094840D... Date: 8/4/2021

Respectfully submitted by:

Secretary: DocuSigned by:  
  
BD459260D2E34BC..., on behalf of the Hungry Horse County Water District Date: 8/6/2021